

Financial Controls Checklist

Board of Health:	Board of Health for the Leeds, Grenville & Lanark District Health Unit	Period ended:	Dec. 31/17
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Objective:

- The objective of the Financial Controls Checklist is to provide the Board of Health and the Public Health Unit with a tool for evaluating financial controls while also promoting effective and efficient business practices.

Responsibilities:

- This checklist is for the management of the public health unit to document that controls have been implemented. The controls listed in the checklist are not meant to be exhaustive. Management of the public health unit should outline other key controls in place for achieving the control objectives. One must note that no effective financial control is achieved by signing the checklist. The control is achieved through carrying out the key controls themselves.
- The following table outlines the responsibilities for completing and using this Financial Controls Checklist.

Description of Responsibilities	Board of Health	Management of the Public Health Unit
• Completion of Financial Controls Checklist		✓
• Review and assessment of the completed Financial Controls Checklist	✓	✓
• Ongoing design of financial controls		✓
• Ongoing preparation of policies related to financial controls		✓
• Ongoing testing of financial controls		✓
• Ongoing monitoring of financial controls testing results	✓	✓
• Approval of key financial controls and related policies	✓	✓
• Implementation of financial controls		✓

Financial controls support the integrity of the Board of Health's financial statements, support the safeguarding of assets, and assist with the prevention and/or detection of significant errors including fraud. Effective financial controls provide reasonable assurance that financial transactions will include the following attributes:

- **Completeness** – all financial records are captured and included in the board of health's financial reports;
- **Accuracy** – the correct amounts are posted in the correct accounts;
- **Authorization** – the correct levels of authority (i.e. delegation of authority) are in place to approve payments and corrections including data entry and computer access;
- **Validity** – invoices received and paid are for work performed or products received and the transactions properly recorded;
- **Existence** – assets and liabilities and adequate documentation exists to support the item;
- **Error Handling** – errors are identified and corrected by appropriate individuals;
- **Segregation of Duties** – certain functions are kept separate to support the integrity of transactions and the financial statements; and,
- **Presentation and Disclosure** – timely preparation of financial reports in line with the approved accounting method (e.g., Generally Accepted Accounting Principles (GAAP)).

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>1. Controls are in place to ensure that financial information is accurately and completely collected, recorded and reported.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Documented policies and procedures to provide a sense of the organization’s direction and address its objectives. ☒ Define approval limits to authorize appropriate individuals to perform appropriate activities. ☒ Segregation of duties (e.g., ensure the same person is not responsible for ordering, recording and paying for purchases). ☒ An authorized chart of accounts. ☒ All accounts reconciled on a regular and timely basis. ☒ Access to accounts is appropriately restricted. ☒ Regular comparison of budgeted versus actual dollar spending and variance analysis. ☒ Exception reports and the timeliness to clear transactions. ☒ Electronic system controls, such as access authorization, valid date range test, dollar value limits and batch totals, are in place to ensure data integrity. ☒ Use of a capital asset ledger. ☒ Delegate appropriate staff with authority to approve journal entries and credits. ☒ Trial balances including all asset accounts that are prepared and reviewed by supervisors on a monthly basis. <input type="checkbox"/> Other – <i>(Please specify)</i> 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p>

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>2. Controls are in place to ensure that revenue receipts are collected and recorded on a timely basis.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Independent review of an aging accounts receivable report to ensure timely clearance of accounts receivable balances. ☒ Separate accounts receivable function from the cash receipts function. ☒ Accounts receivable sub-ledger is reconciled to the general ledger control account on a regular and timely basis. ☒ Original source documents are maintained and secured to support all receipts and expenditures. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p>

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>3. Controls are in place to ensure that goods and services procurement, payroll and employee expenses are processed correctly and in accordance with applicable policies and directives.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Policies are implemented to govern procurement of goods and services and expense reimbursement for employees and board members. ☒ Use appropriate procurement method to acquire goods and services in accordance with applicable policies and directives. ☒ Segregation of duties is used to apply the three way matching process (i.e. matching 1) purchase orders, with 2) packing slips, and with 3) invoices). ☒ Separate roles for setting up a vendor, approving payment and receiving goods. ☒ Separate roles for approving purchases and approving payment for purchases. ☒ Processes in place to take advantage of offered discounts. ☒ Monitoring of breaking down large dollar purchases into smaller invoices in an attempt to bypass approval limits. ☒ Accounts payable sub-ledger is reconciled to the general ledger control account on a regular and timely basis. ☒ Employee and Board member expenses are approved by appropriate individuals for reimbursement and are supported by itemized receipts. ☒ Original source documents are maintained and secured to support all receipts and expenditures. ☒ Regular monitoring to ensure compliance with applicable directives. ☒ Establish controls to prevent and detect duplicate payments. ☒ Policies are in place to govern the issue and use of credit cards, such as corporate, purchasing or travel cards, to employees and board members. . ☒ All credit card expenses are supported by original receipts, reviewed and approved by appropriate individuals in a timely manner.. ☒ Separate payroll preparation, disbursement and distribution functions. <input type="checkbox"/> Other – <i>(Please specify)</i> 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p>

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>4. Controls are place in the fund disbursement process to prevent and detect errors, omissions or fraud.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Policy in place to define dollar limit for paying cash versus cheque. ☒ Cheques are sequentially numbered and access is restricted to those with authorization to issue payments. ☒ All cancelled or void cheques are accounted for along with explanation for cancellation. ☒ Process is in place for accruing liabilities. ☒ Stale-dated cheques are followed up on and cleared on a timely basis. ☒ Bank statements and cancelled cheques are reviewed on a regular and timely basis by a person other than the person processing the cheques / payments. ☒ Bank reconciliations occur monthly for all accounts and are independently reviewed by someone other than the person authorized to sign cheques. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p>

Prepared by : Business Manager **Date:** Jan 19 2018
Position Title

Approved by : _____ **Date:** _____
*Medical Officer of Health/
Chief Executive Officer*

Received by the Board of Health at the board meeting held on: _____ **Date:** _____